

## Message Text

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PAGE 01 STATE 116683  
ORIGIN ARA-14

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DRAFTED BY: ARA/CEN:DWELTER

APPROVED BY: ARA/CEN:WMATTHEWS

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O 102115Z MAY 78

FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR IMMEDIATE

C O N F I D E N T I A L STATE 116683

FOR DEPUTY ASSISTANT SECRETARY SALLY SHELTON

FOLLOWING REPEAT STATE 116683 SENT ACTION MANAGUA INFO PORT  
AU PRINCE 08 MAY 78

QUOTE C O N F I D E N T I A L STATE 116683

AIDAC; FROM AA/LAC, A. VALDEZ; HAITI - PASS TO HOWARD LUSK

E.O. 11652:GDS

TAGS:

SUBJECT: EDUCATION LOAN

REF: (A) MANAGUA 1901; (B) MANAGUA1930; (C)STATE 114029

1. PER REF(C), THE CHRISTOPHER GROUP HAS REMOVED ITS  
OBJECTION TO THE PROPOSED EDUCATION LOAN. THE LA BUREAU  
HAS ALSO REAFFIRMED ITS EARLIER JUDGMENT THAT THE LOAN  
IS TECHNICALLY SOUND, CONSISTENT WITH THE AID MANDATE,  
AND ADDRESSES SERIOUS EDUCATIONAL CONSTRAINTS IN  
NICARAGUA.

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2. ALTHOUGH WE RECOGNIZE THAT NICARAGUA'S EDUCATIONAL  
SYSTEM SUFFERS FROM A SHORTAGE OF WELL TRAINED, HIGHLY  
MOTIVATED TEACHERS, LACK OF APPROPRIATE DIDACTIC  
MATERIALS, POORLY MAINTAINED FACILITIES, AND POLITICAL  
PATRONAGE IN ASSIGNING TEACHING POSITIONS, THESE ARE  
CONSTRAINTS COMMON TO MOST LDC'S AND THE AMELIORATION

OF THESE PROBLEMS IS THE BASIC RATIONALE FOR THIS PROPOSED PROJECT.

3. THE ADMINISTRATIVE REFORM COMPONENT OF THE PROJECT IS ADEQUATELY DEFINED IN THE PP. WE BELIEVE THAT THE CONCERNS EXPRESSED IN REF B REGARDING THE TIMELY AND

EFFICIENT IMPLEMENTATION OF THESE REFORMS WILL BE ADDRESSED BY THE INCLUSION OF APPROPRIATE CONDITIONS AND COVENANTS IN THE LOAN AGREEMENT WHICH WILL TIE LOAN DISBURSEMENTS TO SATISFACTORY PERFORMANCE IN THIS AREA.

4. HOWEVER, BECAUSE OF THE TIME ELAPSED SINCE THE PROJECT WAS ORIGINALLY DEVELOPED, THE RECENT CHANGE IN EDUCATION MINISTERS, AND PROPOSED IBRD INITIATIVES IN THE EDUCATION SECTOR, WE BELIEVE A REASSESSMENT OF MOE'S COMMITMENT TO CARRY OUT THE PROPOSED ADMINISTRATIVE REFORMS AND TO PROVIDE SUFFICIENT HUMAN AND BUDGETARY RESOURCES TO PERMIT SUCCESSFUL IMPLEMENTATION OF THIS AMBITIOUS EFFORT IS REQUIRED BEFORE WE PROCEED TO AUTHORIZE THE LOAN. FOR THIS REASON WE PLAN TO SEND TWO OF THE LA BUREAU'S SENIOR OFFICERS--HOWARD LUSK, CHIEF OF OUR EDUCATION DIVISION, AND HANK BASSFORD, CHIEF OF OUR CENTRAL AMERICA FINANCE DIVISION--TO NICARAGUA ONABOUT MAY 15 TO EXAMINE  
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WHETHER CURRENT CONDITIONS WITHIN THE MINISTRY OF EDUCATION WILL PERMIT IMPLEMENTATION OF THE COMBINED LOAN/GRANT AS IT IS PRESENTLY DESIGNED. IF THEIR REVIEW AND DISCUSSIONS WITH THE USAID AND MOE DEMONSTRATES THAT THERE IS A CONTINUING GON COMMITMENT TO CARRY OUT THE PROPOSED ADMINISTRATIVE REFORM EFFORT, AND TO PROVIDE NECESSARY HUMAN AND FINANCIAL RESOURCES TO CARRY OUT THE PROGRAM, AS EVIDENCED BY A NEW LOAN/GRANT APPLICATION, WE PLAN TO SUBMIT A CONGRESSIONAL NOTIFICATION AND PROCEED WITH AUTHORIZATION.

5. REQUEST CONCURRENCE FOR TEAM VISIT, FROM 5/15 - 5/18, AND USAID'S ASSISTANCE IN ARRANGING NECESSARY MEETINGS WITH APPROPRIATE MOE OFFICIALS. VANCE

UNQUOTE VANCE

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NNN

## Message Attributes

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